

PRINCE ALBERT

MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2011

PRINCE ALBERT LOCAL MUNICIPALITY

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PRINCE ALBERT LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Prince Albert Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Prince Albert Municipality includes the following areas:

*Prince Albert
Klaarstroom
Leeu Gamka*

ACTING MUNICIPAL MANAGER

Mr. H Mettler

ACTING CHIEF FINANCIAL OFFICER

Mr. J Neethling

REGISTERED OFFICE

*Private Bag X53
PRINCE ALBERT
6730*

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Prince Albert

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

PRINCE ALBERT LOCAL MUNICIPALITY

MEMBERS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

COUNCILLORS

Ward	<i>M. Benjamin</i>
Ward	<i>A. Pienaar</i>
Proportional	<i>NS Abrahams</i>
Ward	<i>S. Botes</i>
Proportional	<i>W. Jansen</i>
Ward	<i>J. Goliath</i>

COUNCILLORS SINCE 18 MAY 2011

Ward	G Lottering
Ward	ND Jaftha
Ward	NS Abrahams
Ward	IJ Windvogel
Proportional	CD Bower
Proportional	AL Rabie
Proportional	C Stols

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 67 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

Mr. H Mettler
Municipal Manager

Date

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	Restated 2010 R
NET ASSETS AND LIABILITIES			
Net Assets		57 897 268	62 469 328
Capital Replacement Reserve	2	-	7 797 522
Housing Development Fund	2	805 823	805 823
Accumulated Surplus/(Deficit)		57 091 445	53 865 983
Non-Current Liabilities		4 466 184	3 292 245
Long-term Liabilities	3	61 739	3 616
Employee benefits	4	3 092 409	2 055 799
Non-Current Provisions	5	1 312 036	1 232 830
Current Liabilities		4 309 349	7 005 347
Consumer Deposits	6	321 292	306 200
Current Employee benefits	7	900 863	813 781
Trade and other payables	9	1 630 574	2 687 047
Unspent Conditional Government Grants and Receipts	10	1 440 046	2 695 660
Cash and Cash Equivalents	21	-	461 741
Current Portion of Long-term Liabilities	3	16 574	40 918
Total Net Assets and Liabilities		66 672 801	72 766 920
ASSETS			
Non-Current Assets		58 496 778	54 812 743
Property, Plant and Equipment	12	43 099 033	37 075 404
Investment Property	14	15 160 709	17 506 951
Intangible Assets	15	137 597	92 895
Capitalised Restoration Costs	13	94 039	128 718
Biological Assets	16	5 400	8 775
Current Assets		8 176 023	17 954 177
Inventory	17	653 771	293 353
Trade Receivables from exchange transactions	18	2 241 325	1 748 439
Other Receivables from non-exchange transactions	19	144 690	459 464
Unpaid Conditional Government Grants and Receipts	10	304 320	-
Lease Asset	20	37 985	32 253
Taxes	11	1 576 786	1 516 300
Cash and Cash Equivalents	21	3 217 146	13 904 368
Total Assets		66 672 801	72 766 920

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 (Actual) R	2010 (Restated) R	Correction of error R	2010 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		22 074 068	25 467 860	664 541	24 803 319
Taxation Revenue		1 640 890	1 281 973	-	1 281 973
Property taxes	22	1 640 890	1 281 973	-	1 281 973
Transfer Revenue		13 930 289	20 483 059	664 541	19 818 518
Government Grants and Subsidies - Capital	23	2 161 187	9 984 697	9 984 697	-
Government Grants and Subsidies - Operating	23	10 340 654	10 408 152	(9 320 156)	19 728 308
Public Contributions and Donations		1 428 448	90 210	-	90 210
Other Revenue		6 502 888	3 702 829	-	3 702 829
Actuarial Gains		-	-	-	-
Third Party Payments		92 800	-	-	-
Fines		6 410 088	3 702 829	-	3 702 829
Revenue from Exchange Transactions		12 673 511	10 807 505	8 384	10 799 121
Service Charges	24	11 542 060	7 674 191	-	7 674 191
Debt Impairment		-	488 811	-	488 811
Rental of Facilities and Equipment		69 585	15 399	-	15 399
Interest Earned - external investments		641 313	1 401 356	8 384	1 392 972
Interest Earned - outstanding debtors		-	1 311	-	1 311
Licences and Permits		100 704	894 971	-	894 971
Agency Services		-	-	-	-
Other Income	25	319 849	331 465	-	331 465
Total Revenue		34 747 578	36 275 365	672 925	35 602 440
EXPENDITURE					
Employee related costs	26	11 584 629	9 578 640	-	9 578 640
Remuneration of Councillors	27	1 747 876	1 789 753	-	1 789 753
Debt Impairment	28	746 879	-	-	-
Depreciation and Amortisation	29	1 210 596	940 685	(634 742)	1 575 427
Impairments	30	7 966	2 451	2 451	-
Repairs and Maintenance		578 771	1 231 108	680 079	551 029
Actuarial losses	4	921 564	108 781	-	108 781
Finance Charges	31	165 750	242 240	59 777	182 463
Bulk Purchases	32	5 625 016	4 251 541	410 086	3 841 455
Contracted services		-	6 322	-	6 322
Operating Grant Expenditure		2 176 241	-	-	-
General Expenses	33	14 531 780	12 933 721	399 596	12 534 125
Total Expenditure		39 297 068	31 085 243	917 247	30 167 995
Operating Surplus for the Year		(4 549 490)	5 190 122	(244 323)	5 434 445
Loss on disposal of Property, Plant and Equipment		(22 570)	-	-	-
NET (DEFICIT)SURPLUS FOR THE YEAR		(4 572 060)	5 190 122	(244 323)	5 434 445

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus	Total
	R	R	R	R
Balance at 1 JULY 2009	805 823	9 651 645	21 341 600	31 799 069
Correction of error - note 34.3		-	25 480 138	25 480 138
Restated Balance at 1 JULY 2009	805 823	9 651 645	46 821 738	57 279 206
Transfer to/from Capitalisation Reserve		(1 854 123)	1 854 123	
Net Surplus for the year		-	5 190 122	5 190 122
Restated Balance at 30 JUNE 2010	805 823	7 797 522	53 865 983	62 469 329
Net Deficit for the year	-	-	(4 572 060)	(4 572 060)
Transfer to/from Capitalisation Reserve	-	(7 797 522)	7 797 522	-
Balance at 30 JUNE 2011	805 823	-	57 091 445	57 897 268

PRINCE ALBERT LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	30 JUNE 2011 R	30 JUNE 2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		19 059 013	11 888 101
Government - operating		10 340 654	10 408 152
Government - capital		2 161 187	9 984 697
Interest		641 313	1 402 667
Dividends		-	-
Payments			
Suppliers and employees		(37 370 733)	(28 110 241)
Finance charges	31	(165 750)	(242 240)
Transfers and Grants		-	-
Cash generated by operations	35	(5 334 315)	5 087 989
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	12	(7 230 870)	(10 191 496)
Transfers PPE		2 368 100	-
Proceeds on Disposal of Fixed Assets		(22 570)	
Purchase of Intangible Assets		(75 955)	(23 341)
Increase in Long-term Receivables		21 258	51 172
Net Cash from Investing Activities		(4 940 037)	(10 163 664)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(56 293)	(36 673)
New loans raised		90 072	-
Increase in Consumer Deposits		15 092	18 563
Net Cash from Financing Activities		48 871	(18 110)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(10 225 481)	(5 093 785)
Cash and Cash Equivalents at the beginning of the year		13 442 627	18 536 412
Cash and Cash Equivalents at the end of the year	36	3 217 146	13 442 627
NET INCREASE IN CASH AND CASH EQUIVALENTS		(10 225 481)	(5 093 785)

INSERT ACCOUNTING POLICY

	2011 R	2010 R
2 NET ASSET RESERVES		
Capital Replacement Reserve	-	7 797 522
Housing Development Fund	805 823	805 823
Total Net Asset Reserves	805 823	8 603 346
3 LONG-TERM LIABILITIES		
Capitalised Lease Liability - At amortised cost	78 313	44 534
	78 313	44 534
Current Portion transferred to Current Liabilities	16 574	40 918
Capitalised Lease Liability - At amortised cost	16 574	40 918
	61 739	3 616
Total Long-term Liabilities - At amortised cost using the effective interest rate method	61 739	3 616
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	21 077	43 794
Payable within two to five years	68 500	3 616
Payable after five years	-	-
	89 577	47 410
Less: Future finance obligations	(11 265)	(2 876)
Present value of lease obligations	78 312	44 534

Leases are secured by property, plant and equipment - Note 12

4

EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 4.1

Total Non-current Employee Benefit Liabilities

2011
R

2010
R

3 092 409

2 055 799

3 092 409

2 055 799

Post Retirement Benefits

Balance 1 July

Contribution for the year

Interest Cost

Expenditure for the year

Actuarial Loss/(Gain)

2 182 087

81 413

194 481

(126 288)

921 564

1 956 396

54 724

175 343

(113 157)

108 781

Total post retirement benefits 30 June

3 253 257

2 182 087

Less: Transfer of Current Portion - Note 7

(160 848)

(126 288)

Balance 30 June

3 092 409

2 055 799

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July

Contribution for the year

Interest cost

Expenditure for the year

Actuarial Loss/(Gain)

2 182 087

81 413

194 481

(126 288)

921 564

1 956 396

54 724

175 343

(113 157)

108 781

Total employee benefits 30 June

3 253 257

2 182 087

Less: Transfer of Current Portion - Note 7

(160 848)

(126 288)

Balance 30 June

3 092 409

2 055 799

4.1

Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members

In-service (employee) non-members

Continuation members (e.g. Retirees, widows, orphans)

14

35

7

16

-

6

Total Members

56

22

The liability in respect of past service has been estimated to be as follows:

In-service members

Continuation members

1 302 842

1 950 415

874 472

1 307 616

Total Liability

3 253 257

2 182 088

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2009
R

2008
R

2007
R

In-service members

Continuation members

697 000

1 259 396

-

-

-

-

Total Liability

1 956 396

1 912 301

-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Keyhealth.

Key actuarial assumptions used:

	2011 %	2010 %
i) Rate of interest		
Discount rate	8.43%	9.17%
Health Care Cost Inflation Rate	7.27%	7.24%
Net Effective Discount Rate	1.08%	1.80%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2011 R	2010 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	3 092 409	2 055 799
Net liability/(asset)	3 092 409	2 055 799

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	2 182 087	1 956 396
Total expenses	149 606	116 910
Current service cost	81 413	54 724
Interest Cost	194 481	175 343
Benefits Paid	(126 288)	(113 157)
Actuarial (gains)/losses	921 564	108 781
Present value of fund obligation at the end of the year	3 253 257	2 182 087
Less: Transfer of Current Portion - Note 7	(160 848)	(126 288)
Balance 30 June	3 092 409	2 055 799

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	1 303	1 950	3 253	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	1627	2150	3 777.000	16%
Health care inflation	-1%	1052	1778.000	2 827.000	-13%
Post-retirement mortality	-1 year	1348	2030	3 378.000	4%
Average retirement age	-1 year	1422	1950.000	3 372.000	4%
Withdrawal Rate	-50%	1463	1950.000	3 414.000	5%

4.2 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The fund comprises a defined benefit section and a defined contribution section. The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9 % ,by employees and 18 % by the District Municipality. In respect of the defined benefit section the last valuation was performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2008 - 106.5%).

CAPE JOINT RETIREMENT FUND

The fund comprises a defined benefit section and a defined contribution section. The contribution rate paid by members(9 %) and the district municipality (18%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2008 - 103.3%).

DEFINED CONTRIBUTION PLANS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	2010 R	2009 R
5 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	1 312 036	1 232 830
Total Non-current Provisions	1 312 036	1 232 830

The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality recognised the following non-current provisions:

Landfill Sites

Balance 1 July	1 232 830	-
First time recognition of Capitalised Restoration Cost - At Cost- Note	-	1 173 053
Contribution for the year	79 205	59 777
Total provision 30 June	1 312 036	1 232 830
Balance 30 June	1 312 036	1 232 830

6 CONSUMER DEPOSITS		
Electricity	270 436	275 022
Water	50 855	31 178
Total Consumer Deposits	321 291	306 200
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 4	160 848	126 288
Staff Leave	526 033	439 751
Bonuses	213 982	247 742
Total Current Employee Benefits	900 863	813 781

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	439 752	299 550
Contribution to current portion	385 515	192 667
Expenditure incurred	(261 793)	(52 465)
Balance at end of year	563 474	439 752

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Bonuses

Balance at beginning of year	247 742	214 951
Contribution to current portion	-	32 791
Expenditure incurred	(33 759)	-
Balance at end of year	213 983	247 742

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

8	PROVISIONS	2011 R	2010 R
	Current Portion of Rehabilitation of Landfill-sites - Note 5	-	-
	Total Provisions	-	-
9	TRADE AND OTHER PAYABLES	R	R
	Trade Payables	559 084	1 671 311
	Opening Balance previously reported	559 084	1 372 014
	Correction of error - Transferred to Unspent Conditional Grants	-	270 541
	Correction of error	-	28 756
	Unidentified deposits	41 264	90 713
	Opening Balance previously reported	-	484 713
	Correction of error	-	(394 000)
	Rent	35 705	-
	Deposits received in advance	-	67 411
	Debtors with credit balances	581 218	529 911
	Retentions	400 046	-
	Sundry Deposits	4 620	62 983
	Suspense Accounts	8 637	264 718
	Total Trade Payables	1 630 574	2 687 047

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	1 440 045	2 695 659
	National Government Grants	-	229 207
	Provincial Government Grants	1 440 045	2 650 132
	Correction of Error	-	(350 624)
	Correction of Error - Transferred to Trade Payables	-	(270 541)
	Other Grant Providers	-	437 485
	Less: Unpaid Grants	304 320	-
	National Government Grants	304 320	234 238
	Correction of Error	-	(234 238)
	Other Grant Providers	-	-
	Total Conditional Grants and Receipts	1 135 725	2 695 659

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

11	TAXES	2011 R	2010 R
11.1	VAT PAYABLE		
	VAT output in suspense	-	663 136
	Total Vat payable	-	663 136
11.2	VAT RECEIVABLE		
	VAT input in suspense	1 576 786	2 179 436
	Total VAT receivable	1 576 786	2 179 436
11.3	NET VAT RECEIVABLE/(PAYABLE)	1 576 786	1 516 300
	VAT is receivable/payable on the cash basis.		

12 **PROPERTY, PLANT AND EQUIPMENT**

See attached sheet

2011

2010

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CAPITALISED RESTORATION COST

	2011 R	2010 R
Net Carrying amount at 1 July	128 718	158 435
Cost	455 756	455 756
Balance previously reported	-	-
First time recognition of Capitalised Restoration Cost - At Cost - Note 38.01	-	455 756
Accumulated Depreciation	(324 587)	(297 321)
Balance previously reported	-	-
First time recognition of Capitalised Restoration Cost - Backlog Depreciation - Note 38.01	-	(297 321)
Accumulated Impairments	(2 451)	-
Acquisitions	-	-
Depreciation for the year	(26 713)	(27 266)
Balance previously reported	-	-
Recognition of Depreciation for 2009/2010 - Note 38.01	-	(27 266)
Impairment	(7 966)	(2 451)
Net Carrying amount at 30 June	94 039	128 718
Cost	455 756	455 756
Accumulated Depreciation	(351 300)	(324 587)
Accumulated Impairment	(10 417)	(2 451)

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INVESTMENT PROPERTY

Net Carrying amount at 1 July	15 138 851	17 532 455
Cost	17 532 455	17 532 455
Less: Transferred	(2 368 100)	-
Accumulated Depreciation	(25 504)	-
Depreciation for the year	(25 504)	(25 504)
Transferred	47 362	-
Net Carrying amount at 30 June	15 160 709	17 506 951
Cost	15 164 355	17 532 455
Accumulated Depreciation	(3 646)	(25 504)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

	2011 R	2010 R
Revenue derived from the rental of investment property	69 585	15 399
Operating expenditure incurred on properties generating revenue	-	-
Operating expenditure incurred on properties not generating revenue	-	-

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INTANGIBLE ASSETS

Computer Software

	2011 R	2010 R
Net Carrying amount at 1 July	92 895	95 268
Cost	158 948	120 177
Accumulated Amortisation	(66 053)	(40 339)
Correction of Error	-	15 430
Additions	75 955	23 341
Amortisation	(31 253)	(16 284)
Correction of Error	-	(9 430)
Net Carrying amount at 30 June	137 597	92 895
Cost	234 902	158 948
Accumulated Amortisation	(97 306)	(66 053)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>	
		2011 R	2010 R
Microsoft Office and Windows software	5	137 597	92 895

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

		2011	2010
16	BIOLOGICAL ASSETS		
	Fair Value at 1 July	8 775	-
	Acquisitions	-	8 775
	Disposals	(3 375)	-
	Fair Value at 30 June	5 400	8 775
17	INVENTORY		
	Consumable Stores	221 329	-
	Electricity	169 245	70 371
	Unsold Properties	219 420	219 420
	Livestock	3 375	-
	Water – at cost	40 402	3 562
	Total Inventory	653 771	293 353
	Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
	Consumable stores materials surplusses identified during the annual stores counts.	-	-
	Inventory recognised as an expense during the year	-	-

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TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	1 107 016	777 392
Water	1 888 148	1 144 009
Refuse	810 739	616 703
Sewerage	1 067 353	744 711
Fire Services	31 665	-
Other	-	14 994
Debtors with credit balances	581 218	529 911
Total Receivables from Exchange Transactions	5 486 139	3 827 720
Less: Allowance for Doubtful Debts	(3 244 814)	(2 079 281)
Total Net Receivables from Exchange Transactions	2 241 325	1 748 439

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

	2011	2010
	R	R
Current (0 - 30 days)	447 789	357 428
31 - 60 Days	207 565	129 844
61 - 90 Days	84 262	60 690
+ 90 Days	367 400	229 430
Total	1 107 016	777 392

(Water): Ageing

Current (0 - 30 days)	282 055	161 966
31 - 60 Days	97 212	96 137
61 - 90 Days	93 755	61 491
+ 90 Days	1 415 126	824 415
Total	1 888 148	1 144 009

(Refuse): Ageing

Current (0 - 30 days)	141 252	50 318
31 - 60 Days	46 846	32 255
61 - 90 Days	35 950	24 462
+ 90 Days	586 691	509 668
Total	810 739	616 703

(Sewerage): Ageing

Current (0 - 30 days)	214 719	67 716
31 - 60 Days	73 814	43 251
61 - 90 Days	49 360	36 188
+ 90 Days	729 460	597 556
Total	1 067 353	744 711

(Other): Ageing

	2011 R	2010 R
Current (0 - 30 days)	21 358	11 581
31 - 60 Days	2	-
61 - 90 Days	-	-
+ 90 Days	10 305	3 413
Total	31 665	14 994

(Total): Ageing

Current (0 - 30 days)	1 107 173	649 009
31 - 60 Days	425 439	301 487
61 - 90 Days	263 327	182 831
+ 90 Days	3 108 982	2 164 482
Total	4 904 921	3 297 809

Reconciliation of Provision for Bad Debts

Balance at beginning of year	2 079 281	2 568 092
Contribution to provision/(Reversal of provision)	1 165 533	(488 811)
Balance at end of year	3 244 814	2 079 281

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

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OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2011 R	2010 R
Rates	857 447	707 643
Other Receivables	67 438	456 371
Other Debtors	26 601	407 707
Suspense Debtors	40 837	48 664
Total Receivables from Non-Exchange Transactions	924 885	1 164 014
Less: Allowance for Doubtful Debts	(780 195)	(704 550)
Total Net Receivables from Non-Exchange Transactions	144 690	459 464

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	363 708	121 491
31 - 60 Days	12 621	52 394
61 - 90 Days	5 917	37 786
+ 90 Days	475 201	495 972
Total	857 447	707 643

Reconciliation of Provision for Bad Debts

Balance at beginning of year	704 550	704 550
Contribution to provision/(Reversal of provision)	75 645	-
Balance at end of year	780 195	704 550

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

20

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

	2011 R	2010 R
Balance on 1 July	32 253	-
Correction of Error	-	23 869
Movement during the year	5 732	8 384
Balance on 30 June	37 985	32 253

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	32 084	29 167
1 to 5 Years	163 660	148 900
More than 5 Years	51 384	98 228
Total Operating Lease Arrangements	247 128	276 295

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for previous ranging until 2017.

21

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	1 522	13 903 468
Primary Bank Account	3 213 924	-
Cash Floats	1 700	900
Total Cash and Cash Equivalents - Assets	3 217 146	13 904 368

Liabilities

Primary Bank Account	-	461 741
Total Cash and Cash Equivalents - Liabilities	-	461 741

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

A Bank Guarantee is retained for ESKOM by ABSA Bank	9 960	9 960
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The municipality has the following bank accounts:

Current Accounts

Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	2 994 164	(1 130 190)
Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):	219 760	668 449
Prince Albert ABSA Bank - Account Number 7064316839 (Call Account):	1 522	694 709
	3 215 446	232 968

Traffic account is cleared daily to Primary Bank Account.

	2011 R	2010 R
Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):		
Cash book balance at beginning of year	(1 130 190)	-
Cash book balance at end of year	2 994 164	(1 130 190)
Bank statement balance at beginning of year	460 201	(593 316)
Bank statement balance at end of year	4 444 064	460 201
Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):		
Cash book balance at beginning of year	668 449	37 660
Cash book balance at end of year	219 760	668 449
Bank statement balance at beginning of year	18 840	210 994
Bank statement balance at end of year	1 601 488	18 840
Prince Albert ABSA Bank - Account Number 7064316839 (Call Account):		
Cash book balance at beginning of year	694 709	-
Cash book balance at end of year	1 522	694 709
Bank statement balance at beginning of year	665 495	-
Bank statement balance at end of year	1 522	665 495

22

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State

Less: Rebates

Total Assessment Rates

2011 R	2010 R
2 480 869	1 281 973
2 480 869	1 281 973
(839 979)	-
1 640 890	1 281 973

Valuations - 1 JULY 2009

Rateable Land and Buildings

Leeu-Gamka: Land and Buildings

Klaarstroom: Land and Buildings

Prince Albert: Land and Buildings

Rural: Land and Buildings

Welgemoed: Land and Buildings

Total Assessment Rates

15 662 470	15 662 470
8 409 060	6 578 490
534 231 588	515 555 938
652 387 252	680 746 330
8 724 465	8 724 465
-	-
1 219 414 835	1 227 267 693

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.

Rates:

Prince Albert Urban Area

Leeu Gamka Scheme Houses

Leeu Gamka Private

Welgemoed Area

Klaarstroom Scheme Houses

Klaarstroom East

Rural Area

2011 c/R	2010 c/R
0.280	0.250
0.440	0.040
0.284	0.259
0.258	0.258
0.187	0.170
0.290	0.262
0.140	0.128

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

23	GOVERNMENT GRANTS AND SUBSIDIES	2011 R	2010 R
	Unconditional Grants	7 956 011	6 388 934
	Equitable Share	7 956 011	6 388 934
	Conditional Grants	4 545 830	14 003 915
	Grants and donations	4 545 830	14 003 915
	Total Government Grants and Subsidies	12 501 841	20 392 849
	Government Grants and Subsidies - Capital	2 161 187	9 984 697
	Government Grants and Subsidies - Operating	10 340 654	10 408 152
		12 501 841	20 392 849

The municipality does not expect any significant changes to the level of grants.

23.1 Equitable share

Grants received	7 956 011	6 388 934
Conditions met - Operating	(7 956 011)	(6 388 934)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

23.2 Local Government Financial Management Grant (FMG)

Opening balance	(504 779)	426 143
Grants received	1 000 000	750 000
VAT on conditional grants	-	-
Conditions met - Operating	(769 587)	(1 680 922)
Conditions met - Capital	-	-
Conditions still to be met	(274 366)	(504 779)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 Municipal Systems Improvement Grant

Opening balance	623 207	840 068
Grants received	750 000	735 000
VAT on conditional grants	(606)	(79 607)
Conditions met - Operating	(1 402 555)	(764 734)
Conditions met - Capital	-	(107 520)
Conditions still to be met	(29 954)	623 207

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

	2011 R	2010 R
23.4 Municipal Infrastructure Grant (MIG)		
Opening balance	-	962 691
Grants received	1 024 000	8 872 000
VAT on conditional grants	-	(708 172)
Conditions met - Operating	-	-
Conditions met - Capital	(1 024 000)	(9 126 519)
Grant expenditure to be recovered	-	-
The grant was used to upgrade infrastructure in previously disadvantaged areas.		
23.5 Housing Grants		
Opening balance	-	-
Grants received	-	-
Grant expenditure to be recovered	-	-
Housing grants was utilised for the development of erven and the erection of top structures.		
23.6 Integrated National Electrification Grant		
Opening balance	-	-
Grants received	-	-
Conditions still to be met	-	-
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
23.7 Other Grants		
Opening balance	3 087 618	2 193 642
Grants received	212 502	2 430 416
VAT on conditional grants	-	(105 452)
Conditions met - Operating	(212 502)	(680 330)
Conditions met - Capital	(1 137 187)	(750 658)
Conditions still to be met	1 950 431	3 087 618
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
23.8 Total Grants		
Opening balance	3 206 045	4 422 545
Grants received	10 942 513	19 176 350
VAT on conditional grants	(606)	(893 232)
Conditions met - Operating	(10 340 655)	(9 514 920)
Conditions met - Capital	(2 161 187)	(9 984 697)
Conditions still to be met/(Grant expenditure to be recovered)	1 646 111	3 206 045
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	1 440 046	2 695 660
Unpaid Conditional Government Grants and Receipts	(304 320)	-
	1 135 726	2 695 660

	2011	2010
	R	R
24 SERVICE CHARGES		
Electricity	7 541 811	6 199 548
Water	2 692 796	1 187 677
Refuse removal	1 258 532	245 018
Sewerage and Sanitation Charges	1 732 410	483 228
	<u>13 225 549</u>	<u>8 115 471</u>
Less: Rebates	(1 683 489)	(441 280)
Total Service Charges	<u>11 542 060</u>	<u>7 674 191</u>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

25 OTHER INCOME		
Sundry income	132 213	10 659
Recycling Income	14 499	-
Graveyard	5 775	21 618
Building plans	38 618	238 059
Photostats and Faxes	2 566	1 784
VAT on Grants	62 540	-
Levies	37 932	22 185
Training LGSETA	12 623	34 041
Refuse Bags	4 897	432
Rental Trailer	335	
BREAD BAKE PROJECT	7 788	
Valuation Certificates	63	2 687
	<u>319 849</u>	<u>331 465</u>
Total Other Income	<u>319 849</u>	<u>331 465</u>

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) and fees for items not included under service charges (camping, fire brigade and impounding fees)

26 EMPLOYEE RELATED COSTS		
Bonus	264 186	303 285
Contributions for UIF, pensions and medical aids	1 052 964	989 701
Housing Subsidy	21 881	21 788
Leave Reserve Fund	336 771	47 317
Long service awards	78 758	13 604
Increase in Provision for Bonuses	-	192 667
Contribution to provision - Post Retirement Medical - Note 6	275 894	(58 432)
Overtime	758 388	678 745
Salaries and Wages	8 199 122	6 802 256
Travel, motor car, telephone, assistance and other allowances	596 665	587 709
	<u>11 584 629</u>	<u>9 578 640</u>
Total Employee Related Costs	<u>11 584 629</u>	<u>9 578 640</u>

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

	2011 R	2010 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	283 629	414 264
Leave	59 623	
Car Allowance	56 000	96 000
Other Allowances	461 535	124 870
Subsistence Allowance	-	12 000
Total	860 787	647 135
<i>Remuneration of the Director Financial Services</i>		
Annual Remuneration	508 511	477 623
Car Allowance	99 440	-
Other Allowances	86 102	-
Travelling Allowance	-	120 327
Subsistence Allowance	-	4 697
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	1 497
Total	694 053	604 144
<i>Remuneration of the Director Community Services</i>		
Annual Remuneration	442 444	577 063
Other Allowances	48 213	-
Car Allowance	-	57 419
Subsistence Allowance	-	5 818
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	1 497
Total	490 657	641 798
27 REMUNERATION OF COUNCILLORS		
Mayor	340 138	519 681
Deputy Mayor	141 159	228 659
Speaker	313 092	415 744
Councillors	288 733	487 709
Councillors' Allowances	664 754	137 960
Total Councillors' Remuneration	1 747 876	1 789 753
<i>In-kind Benefits</i>		
The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council.		
28 DEBT IMPAIRMENT		
Trade Receivables from exchange transactions - Note 18	671 234	(488 811)
Trade Receivables from non-exchange transactions - Note 19	75 645	-
Total Contribution to/(Reversal of) Impairment Provision	746 879	(488 811)
29 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	1 127 126	862 201
Investment Property	25 504	25 504
Intangible Assets	31 253	25 714
Landfill Sites	26 713	27 266
	1 210 596	940 685
30 IMPAIRMENTS		
Capitalised Restoration Costs	7 966	2 451
	7 966	2 451

		2011 R	2010 R
31	FINANCE CHARGES		
	Landfill Sites	79 205	59 777
	Finance leases	-	7 121
	Post Employment Health	86 545	175 342
	Total finance charges	165 750	242 240
32	BULK PURCHASES		
	Electricity	5 625 016	4 251 541
	Total Bulk Purchases	5 625 016	4 251 541
33	GENERAL EXPENSES		
	Advertisements	87 728	135 502
	Advertising and Development	-	198 600
	Audit Fees	1 079 860	810 886
	Bank Charges	254 603	142 785
	Commission: Electricity	-	19 181
	Clean Up Project: Klaarstroom	81 417	30 000
	Clean Up Project: Leeu Gamka	108 535	57 777
	Clean Up Project: Prince Albert	212 309	19 087
	Cleaning Materials	6 127	19 742
	Congress Fees	-	3 500
	Community Development Holiday Program	59 654	169 906
	Camera Fines	5 887 321	1 447 880
	Decorations	-	11 680
	Deed of Transfer	15 790	214
	Disinfectant	-	6 700
	Discretionary Fund: Donations	147 402	94 005
	Discretionary Fund: Organisations	-	8 338
	Electricity	684 526	820 088
	Entertainment Cost	65 578	98 572
	Year End Function	-	8 210
	Fuel and Oil	389 848	72 076
	Fuel: Vehicles	-	331 390
	Finance Management Grant	-	1 680 922
	IDP Official	-	1 500
	Insurance General	52 927	60 945
	Irrigation Water	-	13 440
	LED	209 839	272 499
	Legal Fees	361 855	110 899
	Licence and Vehicle Registration	-	987 649
	Licences	210 993	29 897
	Machine Rent	32 477	32 115
	Material	1 222 037	635 283
	Membership Fees and Levies	100 000	2 298
	Marketing Cost	63 864	-
	Municipal Systems Improvement Grant	-	764 734
	Laws and By-Laws	-	105 317
	Office Necessaries	23 696	75 181
	Olive Festival	33 000	17 140
	Photostat machine	(3 868)	2 655
	Postage	1 231	6 025
	Printing and Stationery	238 278	296 530
	Mayor's Ball	-	5 654
	Poor Relief Project: Prince Albert	62 815	404 759
	Poor Relief Project: Leeu Gamka	3 600	242 083
	Poor Relief Project: Klaarstroom	-	103 647
	Poor Relief Project: Prince Albert Other	-	25 000
	Refuse Bags	-	109 974
	Refuse Removal	2 400	2 770
	Rent: Post Box	-	926
	Street Lights	50 579	23 950
	Sundry Expenditure	69 874	170 033
	Telephone and Postage	464 732	435 665
	Test of Skills Levy	-	69 946
	Tools and Equipment	-	1 128
	Training Charges SDL	210 443	56 202
	Travel and Subsistence	1 665 421	1 318 446
	Internal Charges (Credits)	-	(306)
	Other	243 147	294 925
	Water	10 315	1 000
	Water Purification: Chloor	39 217	34 926
	Water Research: Gouritz	-	20 852
	Water Research: Levy	9 442	10 371
	Sewerage	15 473	-
	Training	56 860	-

Wreath and Bouquet	437	620
General Expenses	<u>14 531 780</u>	<u>12 933 721</u>

34 CORRECTION OF ERRORS IN TERMS OF GRAP 3

	2010 R	2009 R
34.1 Property, Plant and Equipment - Cost Price		
Balance previously reported	41 214 474	29 792 995
Infrastructure amount incorrectly capitalised	(745 652)	(745 652)
Implementation of Directive 4 - Correction of measurement of Land and Buildings	81 029	81 029
Implementation of Directive 4 - Correction of measurement of Community Assets	3 103 547	3 103 547
Implementation of Directive 4 - Correction of measurement of Leased Assets	32 753	32 753
Implementation of Directive 4 - Correction of measurement of Other Assets	477 445	477 445
Implementation of Directive 4 - Correction of measurement of Land and Buildings 2009/2010	(798 641)	-
Implementation of Directive 4 - Correction of measurement of Infrastructure 2009/2010	(849 660)	-
Implementation of Directive 4 - Correction of measurement of Community Assets 2009/2010	1 028 022	-
Implementation of Directive 4 - Correction of measurement of Other Assets 2009/2010	(59 800)	-
Total	<u>43 483 517</u>	<u>32 742 117</u>
34.2 Property, Plant and Equipment - Accumulated Depreciation		
Balance previously reported	(11 826 919)	(10 267 776)
Implementation of GRAP		
Implementation of Directive 4 - Correction of measurement of Land and Buildings	1 184 693	1 184 693
Implementation of Directive 4 - Correction of measurement of Infrastructure	2 320 871	2 320 871
Implementation of Directive 4 - Correction of measurement of Community Assets	139 429	139 429
Implementation of Directive 4 - Correction of measurement of Leased Assets	(875)	(875)
Implementation of Directive 4 - Correction of measurement of Other Assets	1 077 745	1 077 745
Implementation of Directive 4 - Correction of measurement of Land and Buildings 2009/2010	130 651	-
Implementation of Directive 4 - Correction of measurement of Infrastructure 2009/2010	784 655	-
Implementation of Directive 4 - Correction of measurement of Other Assets 2009/2010	(154 076)	-
Implementation of Directive 4 - Correction of measurement of Lease Assets 2009/2010	(4 654)	-
Implementation of Directive 4 - Correction of measurement of Community Assets 2009/2010	(59 635)	-
Total	<u>(6 408 114)</u>	<u>(5 545 913)</u>

		2010 R	2009 R
34.3	Accumulated Surplus		
	Balance previously reported	28 630 168	21 341 600
	Correction of Cost Price of Land and buildings Refer to note 34.1	81 029	81 029
	Correction of Cost Price of Community Assets Refer to note 34.1	3 103 547	3 103 547
	Correction of Cost Price of Leased Assets Refer to note 34.1	32 753	32 753
	Correction of Cost Price of Other Assets Refer to note 34.1	477 445	477 445
	Correction of infrastructure assets incorrectly capitalised Refer to note 34.1	(745 652)	(745 652)
	Correction of Cost Price of Land and buildings add. to Repairs and Maintenance. note 34.1	(798 641)	-
	Correction of Cost Price of Infrastructure add. to Repairs and Maintenance. Refer to note 34.1	(849 660)	-
	Correction of Cost Price of Community Assets add. to Repairs and Maintenance. note 34.1	1 028 022	-
	Correction of Cost Price of Other Assets additions to Repairs and Maintenance. note 34.1	(59 800)	-
	Correction of Backlog Depreciation of Land and buildings Refer to note 34.2	1 184 693	1 184 693
	Correction of Backlog Depreciation of Infrastructure Refer to note 34.2	2 320 871	2 320 871
	Correction of Backlog Depreciation of Community Assets Refer to note 34.2	139 429	139 429
	Correction of Backlog Depreciation of Leased Assets Refer to note 34.2	(875)	(875)
	Correction of Backlog Depreciation of Other Assets Refer to note 34.2	1 077 745	1 077 745
	Correction of Current Year Depreciation of Land and buildings Refer to note 38.2	130 651	-
	Correction of Current Year Depreciation of Infrastructure Refer to note 34.2	784 655	-
	Correction of Current Year Depreciation of Community Assets Refer to note 34.2	(59 635)	-
	First time recognition and measurement of Investment Property Refer to note 34.4	17 532 455	17 532 455
	Correction of Current Year Depreciation of Leased Assets Refer to note 34.2	(4 654)	-
	Correction of Current Year Depreciation of Other Assets Refer to note 34.2	(154 076)	-
	Correction of Current Year Depreciation of Investment Property Refer to note 34.5	(25 504)	-
	First time recognition and measurement of Properties Held for Sale Refer to note 34.6	219 420	219 420
	First time recognition of Capitalised Restoration Cost - Backlog Depreciation - Note 34.7	(297 321)	(297 321)
	Recognition of Interest Cost on Non-current Provisions up to 30 June 2009 - Note 34.8	(717 297)	(717 297)
	Unspent Grants written off- note 34.13	510 386	510 386
	Recognition of Depreciation for 2009/2010 - Note -34.7	(27 266)	-
	Unidentified amounts written of as per Council resolution - note 34.10 and 34.15	(294 319)	(294 319)
	Recognition of impairments for 2009/2010 - Note -34.7	(2 451)	-
	Recognition of Interest Cost on Non-current Provisions for 2009/2010 - Note -34.8	(59 777)	-
	Correction of Backlog Amortisation of Intangible Assets Refer to note 34.14	15 430	15 430
	Correction of Current Year Amortisation of Intangible Assets Refer to note 34.14	(9 430)	-
	First time recognition and measurement of Operating Lease Asset Refer to note 34.9	23 869	23 869
	Correction of prior years creditors-note 34.11	564 607	564 607
	Take on of Biological assets- note 34.12	8 775	8 775
	Correction of Camera Fines Recognised in incorrect Period	(129 055)	-
	Correction of Trade Payables	(410 086)	-
	Correction written off in current year see council resolution	243 147	243 147
	Mig Grant received recognised against revenue	394 000	-
	Correction of Rental of Facilities and Equipment Note - 34.9	8 384	-
	Total Restated balance	53 865 982	46 821 737
34.4	Investment Property - Cost Price		
	Balance previously reported	-	-
	First time recognition and measurement of Investment Property	17 532 455	17 532 455
	Total	17 532 455	17 532 455
34.5	Investment Property - Accumulated Depreciation		
	Balance previously reported	-	-
	First time recognition and measurement of Investment Property	(25 504)	-
	Total	(25 504)	-
34.6	Inventory - Properties Held for Sale		
	Balance previously reported	73 933	39 363
	First time recognition and measurement of Properties Held for Sale	219 420	219 420
	Total	293 353	258 783
34.7	Capitalised Restoration Costs		
	Balance previously reported	-	-
	First time recognition of Capitalised Restoration Cost - At Cost	455 756	455 756
	First time recognition of Capitalised Restoration Cost - Backlog Depreciation	(297 321)	(297 321)
	Recognition of depreciation for 2009/2010 - Note 43.4	(27 266)	-
	Recognition of impairments for 2009/2010 - Note 43.4	(2 451)	-
	Total	128 718	158 435

		2010 R	2009 R
34.8	Non-Current Provisions		
	Balance previously reported	-	-
	First time recognition of Landfill Site Provision - Recognised Assets - Note 34.7	(455 756)	(455 756)
	Recognition of Interest Cost on Non-current Provisions up to 30 June 2009 - Note 34.3	(717 297)	(717 297)
	Recognition of Interest Cost on Non-current Provisions for 2009/2010 - Note 34.3	(59 777)	-
	Total	(1 232 830)	(1 173 053)
34.9	Operating Lease Asset		
	Balance previously reported	-	-
	First time recognition of Operating Lease Asset - Note 34.3	23 869	23 869
	Current year movement of Operating Lease Asset - Note 43.4	8 384	-
	Total	32 253	23 869
34.10	Other receivables from non- exchange transactions		
	Balance previously reported	459 464	-
	Opening balances written of - note 19	(0)	-
		459 464	-
34.11	Trade and other payables		
	Balance previously reported	(2 835 971)	(1 298 033)
	Correction of prior years errors Note 9	(410 086)	
	Correction of prior years errors Note 9	564 607	564 607
	Transferred from Unspent Conditional Grants - Note 34.13	(270 541)	
	Correction of Camera Fine Payments in Incorrect Period	(129 055)	
		394 000	
		(2 687 046)	(733 426)
34.12	Biological Assets		
	Balance previously reported	-	-
	First time take on of assets	8 775	8 775
		8 775	8 775
34.13	Unspent Government Grants		
	Balance previously reported	(3 476 587)	(5 556 025)
	Correction of errors	510 386	510 386
	Transferred to Trade Payables - Note 34.11	270 541	
		(2 695 660)	(5 045 639)
34.14	Intangible assets		
	Balance previously reported	86 895	79 838
	Correction of errors	(0)	(0)
	Correction of errors	15 430	15 430
	Correction of errors -amortisation	(9 430)	-
		92 895	95 268
34.15	Long -Term Receivables		
	Balance previously reported	51 172	51 172
	Correction of error	(51 172)	(51 172)
		-	-

	2011 R	2010 R
35 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
(Deficit) / Surplus for the year	(4 572 060)	5 190 122
Adjustments for:		
Depreciation	1 179 343	924 401
Amortisation of Intangible Assets	31 253	16 284
Debt Impairment	746 879	(488 811)
Contribution to provision	79 205	-
Contribution to staff leave	123 722	140 202
Contribution to staff bonus	(33 759)	32 791
Contribution from/to employee benefits	149 606	116 910
Actuarial Gains	921 564	108 781
Impairment written off	7 966	2 451
Operating lease income accrued	(5 732)	(8 384)
Operating (Deficit)/Surplus before changes in working capital	(1 372 013)	6 034 747
Changes in working capital	(3 962 302)	(946 758)
(Decrease)/Increase in Trade and Other Payables	(1 056 473)	1 898 979
(Decrease) in Unspent Conditional Government Grants and Receipts	(1 255 614)	(2 860 365)
Increase/(Decrease) in Taxes	(60 486)	(705 745)
(Increase) in Inventory	(360 418)	(253 990)
(Increase) in Trade and other receivables	(924 991)	(553 118)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(304 320)	1 527 480
Cash (absorbed)/generated by operations	(5 334 315)	5 087 989
36 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 21	1 522	13 903 468
Cash Floats - Note 21	1 700	900
Bank - Note 21	3 213 924	-
Bank overdraft - Note 21		(461 741)
Total cash and cash equivalents	3 217 146	13 442 627
37 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 36	3 217 146	13 442 627
Less:	3 217 146	13 442 627
Unspent Committed Conditional Grants - Note 10	1 440 046	3 358 796
VAT - Note 11	-	2 695 660
Resources available for working capital requirements	1 777 100	10 083 831
38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	78 313	44 534
Used to finance property, plant and equipment - at cost	(78 313)	(44 534)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

39

BUDGET COMPARISONS

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
39.1 Operational				
Revenue by source				
Property Rates	1 640 890	1 536 120	104 770	7%
Government Grants and Subsidies - Capital	2 161 187	27 119 829	(24 958 642)	-92%
Government Grants and Subsidies - Operating	10 340 654	7 956 011	2 384 643	30%
Public Contributions and Donations	1 428 448	-	1 428 448	100%
Third Party Payments	92 800	-	92 800	100%
Fines	6 410 088	7 300 000	(889 912)	-12%
Service Charges	11 542 060	12 090 902	(548 842)	-5%
Rental of Facilities and Equipment	69 585	420 400	(350 815)	-83%
Interest Earned - external investments	641 313	605 000	36 313	6%
Licences and Permits	100 704	900 000	(799 296)	-89%
Other Income	319 849	745 020	(425 171)	-57%
	<u>34 747 578</u>	<u>58 673 282</u>	<u>(23 925 704)</u>	<u>-41%</u>
Expenditure by nature				
Employee Related Costs	11 584 629	8 956 826	2 627 803	29%
Remuneration of Councillors	1 747 876	1 963 000	(215 124)	-11%
Debt Impairment	746 879	-	746 879	100%
Depreciation and Amortisation	1 210 596	1 830 108	(619 512)	-34%
Impairments	7 966	-	7 966	100%
Repairs and Maintenance	578 771	621 350	(42 579)	-7%
Actuarial losses	921 564	-	921 564	100%
Finance Charges	165 750	1 000	164 750	16475%
Bulk Purchases	5 625 016	7 047 800	(1 422 784)	-20%
Operating Grant Expenditure	2 176 241	2 175 000	1 241	0%
General Expenses	14 531 780	9 237 625	5 294 155	57%
	<u>39 297 068</u>	<u>31 832 709</u>	<u>7 464 359</u>	<u>23%</u>
Other Gains/Losses				
Gain on disposal of Property, Plant and Equipment	(22 570)	-	(22 570)	100%
	<u>(22 570)</u>	<u>-</u>	<u>(22 570)</u>	<u>100%</u>
Net Surplus for the year	<u>(4 572 060)</u>	<u>26 840 573</u>	<u>(16 483 914)</u>	
	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
39.2 Expenditure by Vote				
EXECUTIVE AND COUNCIL	4 802 685	5 082 372	(279 687)	-6%
FINANCE AND ADMINISTRATION	5 022 457	2 974 640	2 047 817	69%
CORPORATE SERVICES	2 703 331	2 063 786	639 545	31%
PLANNING AND DEVELOPMENT	360 312	324 000	36 312	11%
COMMUNITY AND SOCIAL SERVICES	1 209 629	1 238 567	(28 938)	-2%
PUBLIC SAFETY	7 877 847	4 166 752	3 711 095	89%
SPORT AND RECREATION	52 018	108 530	(56 512)	-52%
WASTE MANAGEMENT	1 490 218	1 082 932	407 286	38%
WASTE WATER MANAGEMENT	1 733 381	1 424 648	308 733	22%
ROAD TRANSPORT	4 184 960	1 785 389	2 399 571	134%
WATER	1 806 114	2 117 939	(311 825)	-15%
ELECTRICITY	7 282 507	8 670 154	(1 387 647)	-16%
OTHER	771 628	793 000	(21 372)	-3%
	<u>39 297 088</u>	<u>31 832 709</u>	<u>7 464 379</u>	<u>23%</u>

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
39.3 Capital expenditure by vote				
EXECUTIVE AND COUNCIL	-	-	-	0%
FINANCE AND ADMINISTRATION	-	-	-	0%
CORPORATE SERVICES	415 730	460 000	(44 270)	-10%
PLANNING AND DEVELOPMENT	-	2 781 000	(2 781 000)	-100%
COMMUNITY AND SOCIAL SERVICES	1 452 269	3 500 000	(2 047 731)	-59%
PUBLIC SAFETY	-	-	-	0%
SPORT AND RECREATION	-	-	-	0%
WASTE MANAGEMENT	-	34 110	(34 110)	-100%
WASTE WATER MANAGEMENT	907 121	1 400 865	(493 744)	-35%
ROAD TRANSPORT	119 817	1 458 845	(1 339 028)	-92%
WATER	1 992 861	2 645 005	(652 144)	-25%
ELECTRICITY	50 927	450 000	(399 073)	-89%
OTHER	-	-	-	0%
	<u>4 938 725</u>	<u>12 729 825</u>	<u>(7 791 100)</u>	<u>-61%</u>

40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2011 R	2010 R
40.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	6 281 700	-
Unauthorised expenditure current year - capital	-	1 651 710
Unauthorised expenditure current year - operating	9 550 359	4 629 990
Written off by council	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>15 832 059</u>	<u>6 281 700</u>

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget	None

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

40.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	217 690	125 839
Fruitless and wasteful expenditure current year	856 374	140 472
Written off by council	-	(48 621)
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	<u>1 074 064</u>	<u>217 690</u>

Incident	Disciplinary steps/criminal proceedings		
Fruitless and Wasteful Expenditure relating in favour of Ignite.	None	91 957	
Fruitless and Wasteful Expenditure relating to suspended CFO.	None	158 946	
Fruitless and Wasteful Expenditure relating to former Municipal Manager.	None	98 845	
Interest on late payments of creditors	None	724 316	217 690
		<u>1 074 064</u>	<u>217 690</u>

	2 011 R	2 010 R
40.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	5 171 537	812 955
Irregular expenditure current year	1 844 553	4 358 582
Written off by council	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	7 016 090	5 171 537

Incident	Disciplinary steps/criminal proceedings		
Appointment of six personal assistants by the previous Council	None	144 000	
Irregular Expenditure: Expenditure has been incurred with regards to Sherpa but is not in compliance with the Supply Chain Management Policy.	This contract renewal was signed by the previous MM without following SCM policy. This incident was reported to council and is still under investigation	1 378 504	
Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to P D Naidoo	It was initially taken to council but has since been approved by the bid committee.	132 855	
Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to Syntell	It was initially taken to council but has since been approved by the bid committee.	63 194	
Irregular Expenditure relating to Acting Director Community Services	None	126 000	
	None	5 171 537	5 171 537
		7 016 090	5 171 537

40.4 Material Losses	2011	2010
Water distribution losses		
- Kilo litres disinfected/purified/purchased	391 138	-
- Kilo litres lost during distribution	19 985	-
- Percentage lost during distribution	5.11%	4.11%
Electricity distribution losses		
- Units purchased (Kwh)	10 007 254	-
- Units lost during distribution (Kwh)	3 731 107	-
- Percentage lost during distribution	37.28%	3.89%

41 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

41.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Opening balance	-	-
Council subscriptions	100 000	101 500
Amount paid - current year	(100 000)	(101 500)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

41.2 Audit fees - [MFMA 125 (1)(b)]

Opening balance	3 840	-
Current year audit fee	1 129 340	1 330 195
External Audit - Auditor-General	1 079 860	1 229 982
Internal Audit	-	100 213
Audit Committee	49 480	-
Amount paid - current year	(1 126 870)	(1 326 355)
Amount paid - previous year	(3 840)	-
Balance unpaid (included in creditors)	2 470	3 840

41.3 VAT - [MFMA 125 (1)(b)]

Opening balance	1 628 592	589 493
Amounts received - current year	(1 106 140)	(892 243)
Amounts received - previous years	(91 927)	(628 829)
Amounts claimed - current year	870 165	2 560 171
Closing balance - Receivable	1 300 690	1 628 592
Vat in suspense due to cash basis of accounting		
Input VAT	1 576 786	2 179 436
Output VAT	-	(663 136)
Receivable	1 576 786	1 516 300

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

	2011 R	2010 R
41.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	165 306	-
Current year payroll deductions and Council Contributions	-	1 622 520
Amount paid - current year	-	(1 457 214)
Balance unpaid (included in creditors)	165 306	165 306

41.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	266 345	-
Current year payroll deductions and Council Contributions	-	2 942 809
Amount paid - current year	-	(2 676 464)
Balance unpaid (included in creditors)	266 345	266 345

41.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2011:		
	2011 R Outstanding more than 90 days	2010 R Outstanding more than 90 days
Councillor KJS Stols	5 631	-
Councillor IJ Windvogel	7 850	-
Councillor LL Adams	-	43
Councillor SC Jordaan	-	5 823
Councillor K Riegert	-	3 652
Total Councillor Arrear Consumer Accounts	13 481	9 518

41.7 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Various Suppliers	824 261	-	-	-
PD Naidoo	-	132 855	-	-
Syntell	-	63 194	-	-
	824 261	196 049	-	-

		2011 R	2010 R
42	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	4 661 045	2 959 249
	Total commitments consist out of the following:		
	Thusong Centre	1 440 045	-
	Infrastructure	-	2 959 249
	Klaarstroom 60 Houses	3 221 000	-
		-	-
		-	-
		-	-
		4 661 045	2 959 249
	This expenditure will be financed from:		
	Government Grants	4 661 045	2 959 249
		4 661 045	2 959 249
43	FINANCIAL RISK MANAGEMENT		
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
	(a) Foreign Exchange Currency Risk		
	The municipality does not engage in foreign currency transactions.		
	(b) Price risk		
	The municipality is not exposed to price risk.		
	(c) Interest Rate Risk		
	As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
	The municipality did not hedge against any interest rate risks during the current year.		
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
	1% (2010 - 0.5%) Increase in interest rates	27 020	51 003
	0.5% (2010 - 0.5%) Decrease in interest rates	(13 510)	(51 003)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 18 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2011 %	2011 R	2010 %	2010 R
<u>Non-Exchange Debtors</u>				
Rates	0.00%	-	0.00%	-
<u>Exchange Debtors</u>				
Electricity	-2.28%	(74 101)	-3.40%	(70 746)
Water	11.00%	356 840	12.53%	260 537
Refuse	4.13%	134 093	8.54%	177 560
Sewerage	4.48%	145 285	9.96%	207 077
Other	0.00%	-	-0.24%	(4 905)
	17.32%	562 117	27.39%	569 523

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
<u>Non-Exchange Debtors</u>				
Rates	100.00%	780 195	100.00%	704 550
<u>Exchange Debtors</u>				
Electricity	22.60%	733 328	23.60%	490 710
Water	38.50%	1 249 253	34.70%	721 510
Refuse	16.50%	535 394	18.70%	388 825
Sewerage	21.80%	707 369	22.60%	469 918
Other	0.60%	-	0.40%	8 318
	100.00%	3 244 814	100%	2 079 281

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
Government	0.00%	-	0.00%	-
Industrial	2.48%	80 471	2.48%	51 566
Municipal	0.00%	-	0.00%	-
Residential	96.48%	3 130 596	96.48%	2 006 090
Other	1.04%	33 747	1.03%	21 625
	100.00%	3 244 814	100%	2 079 281

	2011 %	2011 R	2010 %	2010 R
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The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2010 R	2009 R
Trade receivables and other receivables	2 386 015	2 207 903
Cash and Cash Equivalents	3 217 146	13 904 368
Unpaid conditional grants and subsidies	304 320	-
	<u>5 907 481</u>	<u>16 112 271</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2011				
Long Term liabilities	21 076	68 499	-	-
Capital repayments	16 574	61 737	-	-
Interest	4 502	6 762	-	-
Trade and Other Payables	1 049 356	-	-	-
Unspent conditional government grants and receipts	1 440 046	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>2 510 478</u>	<u>68 499</u>	<u>-</u>	<u>-</u>

2010	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities	40 918	3 616	-	-
Capital repayments	40 918	3 616	-	-
Interest			-	-
Trade and Other Payables	2 687 047	-	-	-
Unspent conditional government grants and receipts	2 695 660	-	-	-
Cash and Cash Equivalents	461 741			
	<u>5 885 366</u>	<u>3 616</u>	<u>-</u>	<u>-</u>

44

FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

44.1	Financial Assets	Classification	2011 R	2010 R
	Consumer Debtors			
	Trade receivables from exchange transactions	Financial instruments at amortised cost	2 241 325	1 748 439
	Other receivables from non-exchange transactions	Financial instruments at amortised cost	144 690	459 464
	Other Debtors			
	Government Subsidies and Grants	Financial instruments at amortised cost	304 320	-
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	1 522	13 903 468
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	3 213 924	-
	Cash Floats and Advances	Financial instruments at amortised cost	1 700	900
			<u>5 907 481</u>	<u>16 112 271</u>
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		5 907 481	16 112 271
	At amortised cost		<u>5 907 481</u>	<u>16 112 271</u>

FINANCIAL INSTRUMENTS (CONTINUE)

44.2	Financial Liability	Classification	2011 R	2010 R
	Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	61 739	3 616
	Trade Payables			
	Trade creditors	Financial instruments at amortised cost	559 084	1 671 311
	Unidentified deposits	Financial instruments at amortised cost	41 264	90 713
	Rent		35 705	-
	Debtors with credit balances		581 218	529 911
	Retentions	Financial instruments at amortised cost	400 046	-
	Deposits	Financial instruments at amortised cost	4 620	62 983
	Other	Financial instruments at amortised cost	8 637	332 129
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	1 440 045	2 695 659
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	16 574	40 917
			<u>3 148 932</u>	<u>5 427 239</u>
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		<u>3 148 932</u>	<u>5 427 239</u>

45 EVENTS AFTER THE REPORTING DATE

The municipality has no events after reporting date during the financial year ended 2010/2011.

46 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

47 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

48 CONTINGENT LIABILITY

A former Municipal Manager claims that she was unfairly dismissed. She is in a process to summons Council for an amount of R1,612,702, and a possibility exists that the claim may be honoured.

1 612 702

-

49 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

49.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

49.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

49.3 Other related party transactions

None

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2011

Reconciliation of Carrying Value

	Opening Balance R	Transfers	Cost Correction of Error	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers	Accumulated Depreciation Correction of Error	Additions R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	4 895 433	2 368 100	-	315 083	-	7 578 616	11 035	-	-	11 057	-	69 460	7 509 156
Land	3 791 979	-	-	-	-	3 791 979	-	-	-	-	-	-	3 791 979
Buildings	1 103 454	2 368 100	-	315 083	-	3 786 637	11 035	47 368	-	11 057	-	69 460	3 717 177
Infrastructure	30 495 347	-11 484 179	-	14 554 905	-	33 566 073	5 405 057	-	-	656 867	-	6 061 924	27 504 149
Main: Roads	7 212 902	-	-	2 240 469	-	9 453 371	2 183 897	-	-	212 768	-	2 396 665	7 056 706
Main: Waste Management	3 659 066	-	-	7 409 656	-	11 068 722	484 092	-	-	224 426	-	708 518	10 360 204
Main: Electricity	2 700 841	-	-	50 927	-	2 751 768	949 770	-	-	61 436	-	1 011 206	1 740 562
Main: Water	5 438 359	-	-	4 853 853	-	10 292 212	1 787 298	-	-	158 237	-	1 945 535	8 346 677
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-	-	-
Airfield	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	11 484 179	-11 484 179	-	-	-	-	-	-	-	-	-	-	-
Reservoirs/Tanks and Pumps	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	4 716 176	-	-	1 137 186	-	5 853 362	77 674	-	-	77 674	-	155 348	5 698 014
Recreation Grounds	281 784	-	-	-	-	281 784	2 283	-	-	2 283	-	4 566	277 218
Civic Buildings	961 600	-	-	-	-	961 600	9 616	-	-	9 616	-	19 232	942 368
Transfer Station	292 901	-	-	-	-	292 901	41 843	-	-	41 843	-	83 686	209 215
Libraries	1 177 450	-	-	-	-	1 177 450	11 775	-	-	11 775	-	23 550	1 153 900
Parks and Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus Terminals	78 670	-	-	-	-	78 670	787	-	-	787	-	1 574	77 096
Work in Progress	735 121	-	-	1 137 186	-	1 872 307	-	-	-	-	-	-	1 872 307
Cemetery	51 650	-	-	-	-	51 650	-	-	-	-	-	-	51 650
Museum	1 137 000	-	-	-	-	1 137 000	11 370	-	-	11 370	-	22 740	1 114 260
Lease Assets	32 753	-	-	90 072	-32 753	90 072	5 529	-	-	4 654	-10 183	-	90 072
Office Equipment	32 753	-	-	90 072	-32 753	90 072	5 529	-	-	4 654	-10 183	-	90 072
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	3 343 809	-	-	249 703	-	3 593 512	908 820	-	-	387 057	-	1 295 877	2 297 635
Motor Vehicles	713 465	-	-	-	-	713 465	226 059	-	-	53 778	-	279 837	433 628
Plant and Equipment	323 942	-	-	20 484	-	344 426	113 180	-	-	32 751	-	145 931	198 495
Office Equipment	263 382	-	-	27 016	-	290 398	133 460	-	-	34 028	-	167 488	122 910
Furniture and Equipment	456 363	-	-	34 778	-	491 141	70 593	-	-	66 036	-	136 629	354 512
Loose Equipment	23 731	-	-	1 575	-	25 306	2 752	-	-	2 394	-	5 146	20 160
Computer Equipment	444 545	-	-	165 850	-	610 395	138 554	-	-	97 556	-	236 110	374 285
Specialised Vehicles	1 116 900	-	-	-	-	1 116 900	223 843	-	-	100 229	-	324 072	792 828
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Fighting Equipment	1 481	-	-	-	-	1 481	379	-	-	285	-	664	817
	43 483 519	-9 116 079	-	16 346 949	-32 753	50 681 636	6 408 115	-	-	1 137 309	-10 183	7 582 609	43 099 027

PRINCE ALBERT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

30 JUNE 2010

Reconciliation of Carrying Value	Opening Balance R	Transfers	Cost Correction of Error	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers	Accumulated Depreciation Correctio of Errors	Additions R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	4 584 155	25 995	81 029	204 254	-	4 895 433	1 184 693	-	-1 184 693	11 035	-	11 035	4 884 398
Land	389 174	25 995	3 376 810	-	-	3 791 979	-	-	-	-	-	-	3 791 979
Buildings	4 194 981	-	-3 295 781	204 254	-	1 103 454	1 184 693	-	-1 184 693	11 035	-	11 035	1 092 419
Infrastructure	22 186 160	-25 995	-745 652	9 080 834	-	30 495 347	7 319 171	-	-2 320 869	406 755	-	5 405 057	25 090 290
Main: Roads	6 047 619	-	-	1 165 283	-	7 212 902	2 601 943	-	-580 704	162 658	-	2 183 897	5 029 005
Main: Waste Management	5 826 700	-2 168 834	-	1 200	-	3 659 066	662 260	947 465	-1 186 769	61 136	-	484 092	3 174 974
Main: Electricity	2 762 051	-61 210	-	-	-	2 700 841	1 066 146	-27 016	-150 159	60 799	-	949 770	1 751 071
Main: Water	5 287 426	150 933	-	-	-	5 438 359	1 993 795	74 578	-403 237	122 162	-	1 787 298	3 651 061
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-	-	-
Airfield	25 995	-25 995	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	-	4 315 480	-745 652	7 914 351	-	11 484 179	-	-	-	-	-	11 484 179	-
Reservoirs/Tanks and Pumps	2 236 369	-2 236 369	-	-	-	-	995 027	-995 027	-	-	-	-	-
Community Assets	531 073	-	3 103 547	1 081 556	-	4 716 176	139 429	-	-139 429	77 674	-	77 674	4 638 502
Recreation Grounds	440 747	-	-212 497	53 534	-	281 784	129 688	-	-129 688	2 283	-	2 283	279 501
Civic Buildings	-	-	961 600	-	-	961 600	-	-	-	9 616	-	9 616	951 984
Transfer Station	-	-	-	292 901	-	292 901	-	-	-	41 843	-	41 843	251 058
Libraries	-	-	1 177 450	-	-	1 177 450	-	-	-	11 775	-	11 775	1 165 675
Parks and Gardens	66 054	-	-66 054	-	-	-	7 859	-	-7 859	-	-	-	-
Bus Terminals	-	-	78 670	-	-	78 670	-	-	-	787	-	787	77 883
Cemetery	24 272	-	27 378	-	-	51 650	1 882	-	-1 882	-	-	-	51 650
Work in Progress	-	-	-	735 121	-	735 121	-	-	-	-	-	-	735 121
Museum	-	-	1 137 000	-	-	1 137 000	-	-	-	11 370	-	11 370	1 125 630
Lease Assets	-	-	32 753	-	-	32 753	-	-	875	4 654	-	5 529	27 224
Office Equipment	-	-	32 753	-	-	32 753	-	-	875	4 654	-	5 529	27 224
Other Assets	2 491 607	-	477 446	374 756	-	3 343 809	1 624 483	-	-1 077 746	362 083	-	908 820	2 434 989
Motor Vehicles	582 070	-	-124 917	256 312	-	713 465	481 429	-	-309 148	53 778	-	226 059	487 406
Plant and Equipment	397 996	-	-74 054	-	-	323 942	396 379	-	-315 276	32 077	-	113 180	210 762
Office Equipment	409 787	-	-176 295	29 890	-	263 382	339 796	-	-237 904	31 568	-	133 460	129 922
Furniture and Equipment	-	-	450 186	6 177	-	456 363	-	-	6 210	64 383	-	70 593	385 770
Loose Equipment	88 640	-	-64 909	-	-	23 731	23 396	-	-23 038	2 394	-	2 752	20 979
Computer Equipment	174 183	-	187 985	82 377	-	444 545	42 513	-	18 672	77 369	-	138 554	305 991
Specialised Vehicles	838 931	-	277 969	-	-	1 116 900	340 970	-	-217 356	100 229	-	223 843	893 057
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Fighting Equipment	-	-	1 481	-	-	1 481	-	-	94	285	-	379	1 102
	29 792 995	-	2 949 123	10 741 401	-	43 483 519	10 267 776	-	-4 721 862	862 201	-	6 408 115	37 075 404

12 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Property, Plant and Equipment financed by way of finance leases;

Property, Plant and Equipment financed by way of provisions;

Property, Plant and Equipment transferred as a result of the transfer of functions; and

Componentised infrastructure assets.

The municipality therefore did not utilise the transitional provision in the following areas which resulted in the restatement as per note 34.

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

APPENDIX A - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Correction	Balance at 30 JUNE 2010 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011
ANNUITY LOANS							-		-
Total Annuity Loans				-	-	-	-	-	-
LEASE LIABILITY									
Minolta	11.00%		01/08/2011	44 534	-	44 534	-	44 534	-
Minolta Fin	6.36%		30/09/2015	-	-	-	90 072	11 759	78 313
Total Lease Liabilities				-	-	44 534	90 072	56 293	78 313
TOTAL EXTERNAL LOANS				-	-	44 534	90 072	56 293	78 313

APPENDIX B - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
1 920 616	(5 067 644)	(3 147 028)	EXECUTIVE AND COUNCIL	4 159 872	(4 929 401)	(769 529)
6 670 661	(2 036 896)	4 633 765	FINANCE AND ADMINISTRATION	3 856 354	(5 022 457)	(1 166 104)
276 860	(3 499 149)	(3 222 289)	CORPORATE SERVICES	451 060	(2 703 331)	(2 252 272)
104 600	(270 449)	(165 849)	PLANNING AND DEVELOPMENT	141 100	(360 312)	(219 212)
607 879	(1 607 391)	(999 513)	COMMUNITY AND SOCIAL SERVIC	658 456	(1 209 629)	(551 173)
4 707 594	(3 805 231)	902 363	PUBLIC SAFETY	8 309 972	(7 877 847)	432 125
78 580	(243 950)	(165 370)	SPORT AND RECREATION	105 900	(52 018)	53 882
1 011 498	(1 120 108)	(108 611)	WASTE MANAGEMENT	1 420 355	(1 490 218)	(69 863)
348 760	(1 523 754)	(1 174 994)	WASTE WATER MANAGEMENT	1 447 115	(1 733 381)	(286 265)
281 406	(2 727 791)	(2 446 385)	ROAD TRANSPORT	277 255	(4 184 960)	(3 907 705)
1 421 479	(1 211 784)	209 695	WATER	2 889 836	(1 806 114)	1 083 723
6 780 757	(4 879 040)	1 901 718	ELECTRICITY	8 203 693	(7 282 507)	921 186
11 232 804	(2 260 184)	8 972 620	OTHER	2 930 773	(771 628)	2 159 145
35 443 492	(30 253 370)	5 190 122	Sub Total	34 851 741	(39 423 802)	(4 572 060)
-	-	-		-	-	-
35 443 492	(30 253 370)	5 190 122	Total	34 851 741	(39 423 802)	(4 572 060)

APPENDIX C - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
1 920 616	(5 067 644)	(3 147 028)	Executive & Council	4 159 872	(4 929 401)	(769 529)
6 947 521	(5 536 045)	1 411 476	Budget & Treasury	4 307 413	(7 725 789)	(3 418 376)
104 600	(270 449)	(165 849)	Planning & Development	141 100	(360 312)	(219 212)
607 879	(1 607 391)	(999 513)	Community & Social Services	658 456	(1 209 629)	(551 173)
4 707 594	(3 805 231)	902 363	Public Safety	8 309 972	(7 877 847)	432 125
78 580	(243 950)	(165 370)	Sport & Recreation	105 900	(52 018)	53 882
1 011 498	(1 120 108)	(108 611)	Waste Management	1 420 355	(1 490 218)	(69 863)
348 760	(1 523 754)	(1 174 994)	Waste Water Management	1 447 115	(1 733 381)	(286 265)
281 406	(2 727 791)	(2 446 385)	Road Transport	277 255	(4 184 960)	(3 907 705)
1 421 479	(1 211 784)	209 695	Water	2 889 836	(1 806 114)	1 083 723
6 780 757	(4 879 040)	1 901 718	Electricity	8 203 693	(7 282 507)	921 186
11 232 804	(2 260 184)	8 972 620	Other	2 930 773	(771 628)	2 159 145
11 232 804	(2 260 184)	5 190 122	Total	34 851 741	(39 423 802)	(4 572 060)

APPENDIX D - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2010	Correction of error	Balance 1 JULY 2010	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 1 JULY 2010
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R
<u>National Government Grants</u>							
Equitable Share	-	-	-	7 956 011	7 956 011	-	-
Local Government Financial Management Grant	(234 238)	(270 541)	(504 779)	1 000 000	769 587	-	(274 366)
Municipal Infrastructure Grant	-	-	-	1 024 000	-	1 024 000	-
- General MIG Fund	-	-	-	1 024 000	-	1 024 000	-
	-	-	-	-	-	-	-
Municipal Systems Improvement Grant	623 207	(606)	622 601	750 000	1 402 554	-	(29 954)
Skills Development Fund	-	-	-	-	-	-	-
Total National Government Grants	388 969	(271 147)	117 822	10 730 011	10 128 152	1 024 000	(304 320)
<u>Provincial Government Grants</u>							
Provincial Contribution	-	-	-	212 502	212 502	-	-
Masibibane Project	72 900	(72 900)	(0)	-	-	-	(0)
Thusong Centre	2 577 232	-	2 577 232	-	-	1 137 186	1 440 045
Total Provincial Government Grants	2 650 132	(72 900)	2 577 232	212 502	212 502	1 137 186	1 440 045
<u>Other Grant Providers</u>							
Taxi Rank	29 566	(29 566)	0	-	-	-	0
Ferry Boat	262 908	(262 908)	0	-	-	-	0
Low Cost Housing	3 634	(3 634)	(0)	-	-	-	(0)
Zoning Scheme	34 179	(34 179)	0	-	-	-	0
Housing Planning Klaarstroom	7 478	(7 478)	(0)	-	-	-	(0)
Water Services Plan	99 721	(99 721)	0	-	-	-	0
Total Other Grant Providers	437 486	(437 486)	0	-	-	-	0
Total	3 476 587	(781 533)	2 695 054	10 942 513	10 340 654	2 161 186	1 135 726